

Committee on Resources

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Statement of John Keys III

Commissioner

Bureau of Reclamation

U.S. Department of Interior

Before

Subcommittee on Water and Power

Committee on Resources

U.S. House of Representatives

on H.R. 1284

to Increase the Federal Share of the Costs

of the San Gabriel Basin Demonstration Project

Mr. Chairman, and members of the Subcommittee, I am John Keys, III and I am the Commissioner of the Bureau of Reclamation (Reclamation). I am pleased to be here today to comment on H.R. 1284, which amends the Reclamation Projects Authorization and Adjustment Act of 1992, to increase the Federal share of the costs of the San Gabriel Basin Demonstration project.

Based on our investigation of this project, we do not believe a cost ceiling increase is warranted at this time and therefore the Administration cannot support H.R. 1284 as written. We believe that there is sufficient funding available to provide the Federal cost share for all projects that are contemplated for the San Gabriel Basin cleanup program.

Title XVI of P.L. 102-575, enacted in 1992, authorizes Reclamation to participate in the San Gabriel Basin Demonstration Project. There are three components of the project: the Rio Hondo Water Recycling Program with the Central Basin Municipal Water District, the San Gabriel Valley Water Reclamation Project with the Upper San Gabriel Valley Municipal Water District, and the San Gabriel Basin Demonstration Project with the San Gabriel Basin Water Quality Authority. Reclamation is authorized to provide up to 25 percent of the cost of planning, design, and construction of the project components for a Federal contribution of no more than \$38,090,000.

Congress provided the initial appropriation for the project in fiscal year 1994, and through the current fiscal year 2003, a total of \$28,845,000 has been made available for the three components. Of that amount, all but \$0.3 million has been obligated to existing agreements. With the exception of Rio Hondo and San Gabriel Valley Reclamation components, all existing agreements have been fully funded. The Rio Hondo and San Gabriel Valley Reclamation components, which are water recycling projects, should be completed within the next two years, and are within \$900,000 of being fully funded for the 25 percent Federal share. This leaves a net available amount of \$8.6 million before the ceiling is reached.

The primary component of the San Gabriel Basin Demonstration is the groundwater cleanup program that will result in the Basin being used as a conjunctive use water resource for the region. Reclamation, working closely with the San Gabriel Basin Water Quality Authority since 1994, has executed 9 funding agreements with the Authority to fund specific portions of the cleanup work. All agreements have been fully funded for the 25 percent Federal share.

Over the last ten years that the project has received funding, the schedules for all three components have

slipped significantly. In light of this, the San Gabriel Basin Demonstration Project has consistently carried over significant amounts of unexpended funds every year as a result of the extended schedules. Due to these delays, the construction schedule is not firm. In addition, smaller agreements to cover cleanup projects in the El Monte, South El Monte and Puente Valley Operable Units are being implemented. An agreement has been executed with the Water Quality Authority to fund design activities for these Operable Units. We have executed an agreement for the Monterey Park Treatment Facility, which is in the South El Monte Unit. To date we have obligated \$2.425 million for the project, and spent approximately \$300,000 of that amount.

We believe that the total funding ceiling provided by the Title XVI authority and the Restoration Fund, which may also be available for these projects, is sufficient to provide the Federal cost share for all projects that are contemplated for the San Gabriel Basin cleanup program. This Title XVI project has more than \$8 million remaining under its ceiling after fully funding all current project obligations. The Restoration Fund has \$25 million remaining under its ceiling after fully funding all current project obligations. We believe that this will adequately cover future projects being contemplated. Therefore, the cost ceiling for the San Gabriel Basin Demonstration Project authorized by Title XVI does not need currently to be increased beyond its authorized limit.

In conclusion, Mr. Chairman, I want to add that we have had an excellent working relationship with the San Gabriel Demonstration Project partners and look forward to working with them to complete this important project. This concludes my remarks. I would be happy to answer any questions at this time.

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